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Chairman: Mr. Maurer (Switzerland)
Chairman of the Advisory Committee on Administrative and Budgetary Questions: Ms. McLurg

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The meeting was called to order at 10.05 a.m.

Agenda item 130: Review of the efficiency of the administrative and financial functioning of the United Nations

Procurement activities (A/64/284 and Add.1 and 2, A/64/369 and A/64/501)

1. **Mr. Sach** (Assistant Secretary-General for Central Support Services), introducing the comprehensive report of the Secretary-General on United Nations procurement activities (A/64/284 and Add.1 and 2), said that reform activities had focused on three major themes: strengthening internal control; optimizing the acquisition process; and enhancing the strategic management of procurement. The report provided updates on the fully implemented elements of the procurement reform programme and described new initiatives at a time of an unprecedented surge in the procurement volume for Headquarters and peacekeeping operations to $3.2 billion in 2008, as well as furnishing responses to various requests by the General Assembly.

2. With regard to vendor management, the Secretariat had launched a pilot project on the management of contract award challenges by vendors; an independent award review board would provide unsuccessful bidders with a mechanism for review of award decisions; the arrangement would also offer the Procurement Division opportunities to improve its procedures and would enhance credibility. The Secretariat had also strengthened its capacity for due diligence review to mitigate the risk of dealing with unethical vendors. It had established as a pilot project a Senior Vendor Review Committee to provide independent advice to the Department of Management in cases of fraud, corruption or unethical behaviour involving vendors registered with the United Nations.

3. The Secretariat was fully committed to continuing its efforts to improve procurement opportunities for vendors from developing countries and countries with economies in transition; the Procurement Division had revitalized its business seminar programme for those countries and simplified vendor registration procedures through the United Nations Global Marketplace. Following incorporation of the lessons learned in the pilot phase the new procedures would be established in field missions and in offices away from Headquarters. The Secretariat had also signed a cooperation agreement with the World Chambers Federation of the International Chamber of Commerce, aimed at identifying new business opportunities for the Federation's members.

4. With regard to internal controls, efforts were being made to expand the training of procurement personnel and to review the compliance of field procurement operations with the rules. The new enterprise resource planning system was expected to provide the Organization with the capacity to review, monitor and improve its procurement operations.

5. Turning to the addendum on procurement governance arrangements within the United Nations (A/64/284/Add.1), he said that it had taken some time to put in place all the components of the procurement governance structure to facilitate the development of the concept of regional procurement office pursuant to resolutions 60/266, section IX, and 61/276, section XX, in which the General Assembly had emphasized the importance of enhancing regional and inter-mission cooperation. The regional procurement office would serve various peacekeeping and special political missions in East and Central Africa. It was to be launched in 2010 on the basis of a robust acquisition plan, and would respond to the field missions' concerns about lack of capacity to procure engineering items, and about freight forwarding and local transportation services. Staff outposted from the Procurement Division and the field missions would develop a capability to respond to the more complex acquisition proposals of the four biggest missions in Africa, delivering solutions while providing the necessary internal control.

6. The regional procurement office was to be established in Entebbe as a pilot project for one year within the present level of resources and the existing rules and regulations. In addition to securing economies of scale and improving internal control, it would provide procurement training and boost business opportunities for vendors from developing countries and countries in transition.

7. The addendum on sustainable procurement (A/64/284/Add.2) was a response to the request made by the General Assembly in its resolution 62/269, and represented the culmination of a joint effort with the Environment Management Group of the United Nations Environment Programme. The report defined the concept of sustainable procurement and affirmed

that the concept's three key underlying criteria were the same as the three pillars of sustainable development, namely economic, social and environmental factors, and that it complemented the principle of best value for money. Some of the main elements of sustainable procurement, such as the prohibition of child labour, sexual exploitation and unfair labour practices, were already included in the United Nations General Conditions of Contract and Supplier Code of Conduct.

8. The Secretariat reiterated its commitment to the procurement principles of fairness, integrity, transparency and effective international competition and its undertaking to ensure that no group of vendors suffered prejudice or was prevented from competing in Secretariat tenders. It therefore proposed that the implementation of sustainable procurement should be preceded by extensive preparation and proceed in small steps at a pace determined by the degree of maturity of the supplier market and the readiness of the United Nations to embrace the concept.

9. Procurement reform was an ongoing process requiring constant efforts by the Procurement Division and the cooperation of all the stakeholders. The Secretariat was fully committed to improving the performance of the fiduciary functions of the Procurement Division.

10. **Ms. McLurg** (Chairman of the Advisory Committee on Administrative and Budgetary Questions), introducing the Advisory Committee's report (A/64/501) on the comprehensive report of the Secretary-General, said that the procurement volume for Headquarters and peacekeeping missions had increased from $1.3 billion in 2004 to $3.2 billion in 2008. When the offices away from Headquarters, the tribunals and the regional commissions were factored in, the total procurement volume had exceeded $3.36 billion in 2008. Procurement was big business for the United Nations and must be carried out in the most professional and efficient manner and with proper oversight and control.

11. The Secretary-General's report did not produce evidence of how past procurement reforms had improved the procurement function and did not provide a basis for assessing the adequacy of the internal control regime. The Advisory Committee had previously drawn attention to the need for reports to include evidence to substantiate statements of progress achieved, including information on the arrangements for monitoring progress. The present report did not adequately address those issues.

12. While no additional resources had as yet been requested to support the procurement function, the comprehensive report indicated that the Procurement Division would require additional staff to cope with an increased volume of work in support of peacekeeping operations. Although the Advisory Committee did not challenge that assertion, there were no workload indicators in place to substantiate the need for more staff. The Secretary-General's next report on procurement activities should include a quantitative analysis to help the Procurement Division to monitor its workload and efficiency by providing a basis for comparing one period with another. Such data would be critical in facilitating assessment of the need for additional staff and the impact of new and improved systems and procedures and staff training on the efficiency of procurement actions.

13. Turning to the question of procurement governance, she said that the demands of field operations had grown exponentially in both size and complexity, reflecting the expansion of peacekeeping operations as a whole. By their very nature, field mission operations were dynamic and fast-paced, particularly during the start-up phase. In the addendum on procurement governance arrangements (A/64/284/Add.1) the Secretary-General outlined the major challenges arising from the operational requirements of peacekeeping missions and the importance of integrating procurement concerns at the planning stage. He introduced two main measures to address those challenges. First, the co-location of the Procurement Division and its Department of Field Support clients in order to improve coordination between procurement officers and the logistics staff in the Department of Field Support; second, the creation of a regional procurement office in Entebbe, where the Department of Field Support would co-locate requisitioners and mission experts in such areas as logistics, human resources and finance. The Secretariat intended to establish the regional procurement office as a pilot project. After completion of the project, the requirements for transfer of resources would be presented to the General Assembly in the context of its review and approval of the support account budget.

14. The Advisory Committee emphasized that a more detailed proposal concerning the regional procurement office should be presented to the General Assembly in

the context of its consideration of the new field support strategy to be submitted by the Secretary-General at the second part of the resumed sixty-fourth session. Such an initiative should be based on a thorough review of the whole procurement process, so that it would effectively address gaps and bottlenecks, and a cost-benefit analysis should be undertaken.

15. The Procurement Division was launching two other pilot projects: an independent award review board and a Senior Vendor Review Committee to provide advice to the Department of Management on proposed sanctions in cases of fraud, corruption or unethical behaviour on the part of vendors registered with the Secretariat. The Advisory Committee expected the Secretary-General to clarify the terms of reference and the authority of the board and to provide statistics on the cases which it reviewed. It looked forward to receiving the report on the operational experience gained.

16. With regard to the delegation of authority for procurement functions across the Secretariat and the separation of duties, the Advisory Committee recognized the importance of well-defined and properly implemented delegation of authority to procurement personnel, particularly in the field missions, in order to speed up the acquisition process. It was of the view that the use of delegated authority needed to be regularly monitored and that offices should be equipped to evaluate and manage the risk associated with the authority delegated to them. The Secretary-General should include in his next report on procurement activities adequate information on the experience gained in the application of the increased financial thresholds of delegated procurement authority.

17. The Advisory Committee also commented on a number of measures taken by the Secretary-General to increase procurement opportunities for vendors from developing countries and countries with economies in transition. It encouraged the Secretary-General to continue those efforts and welcomed the proactive approach taken to the identification of means of expanding their participation in United Nations procurement.

18. **Ms. Ahlenius** (Under-Secretary-General for Internal Oversight Services), introducing the report of the Office of Internal Oversight Services (OIOS) on the audit of procurement management in the Secretariat (A/64/369), said that the audit had concluded that a more clearly defined governance structure, a comprehensive strategy, and reliable management information systems were needed for the effective management and oversight of United Nations procurement.

19. The Procurement Division had made substantial progress with reform, but some reform activities, including the bid protest system, the enterprise resource planning system, and the ethics guidelines, still awaited full implementation. Some of the activities termed procurement reform were not really reforms. It was important to distinguish between real procurement reform and other improvements which were part of management's regular responsibilities.

20. An ad hoc strategy was being pursued at the working level but no comprehensive procurement strategy involving senior management was in place. Her Office recommended, and the Department of Management accepted, that: the Office of Central Support Services and the Department of Field Support should form a working group to devise and execute procurement strategies; the Procurement Division should develop a strategy addressing the risks arising from its dependence on leading contractors and explore opportunities for savings based on economies of scale; and the Division should analyse vendor participation in relation to specific commodities and formulate a strategy to improve competition.

21. The Department of Management, in developing the procurement governance arrangements described by the Secretary-General (A/64/284/Add.1), should make full use of audit recommendations, to clarify the accountability of the Procurement Division and the Department of Field Support regarding monitoring of the delegation of authority to field missions; to define the terms of reference of the contract review committees and their reporting lines; and to establish a proper monitoring system at Headquarters to review the performance of the local committees on contracts in field missions and at the United Nations Offices at Geneva, Nairobi and Vienna.

22. The delegation to the Procurement Division of authority for high-value procurement needed to be reviewed. In view of the predictability of troop rotation requirements, her Office recommended that the Department of Management should reconsider the need for the authority delegated to the Procurement Division

for short-term air charter contracts up to $5 million and the exemption of such cases from review by the Headquarters Committee on Contracts. The Department had not accepted that recommendation.

23. The Office for Internal Oversight Services endorsed the observation on disparate information technology systems made in paragraph 20 of the comprehensive report (A/64/284, para. 20), but the Procurement Division had not accepted its recommendation that information and communication needs should be formalized in a strategic plan aligned with the operational procurement strategy and that an information and communications technology (ICT) committee composed of representatives of functional users and ICT staff should be established.

24. Her Office continued to make the case for the 13 of the 25 OIOS recommendations which the Department of Management had not accepted.

25. **Mr. Elhag** (Sudan), speaking on behalf of the Group of 77 and China, said that the Group had made proposals in previous negotiations for increasing the efficiency, transparency and cost-effectiveness of United Nations procurement, which had now become a very important issue as a result of the growth in the Organization's operations. The Group concurred with the Advisory Committee that the comprehensive report did not provide a basis for assessing improvements in the procurement function.

26. Increased and non-discriminatory procurement opportunities for vendors from developing countries and countries with economies in transition were a fundamental part of procurement reform. The Group acknowledged the efforts made to increase such opportunities but considered that additional initiatives were required as part of a comprehensive strategy to improve geographical vendor representation. The Secretary-General's move to alleviate finance-related challenges hindering the participation of such vendors was therefore welcome. Action was also needed to change the vendors' perception that they would not be competitive in terms of best value for money. It was regrettable that the Secretary-General's report did not contain details of the weighted evaluation techniques used by the Procurement Division, as requested in General Assembly resolution 62/269.

27. The Group noted with interest the proposal to establish a pilot regional procurement office at Entebbe and requested further information about the relationship of that proposal to the support strategy being formulated by the Department of Field Support. The Secretary-General should submit a comprehensive report on the subject taking account of procurement needs at Headquarters and in the field offices, the regional commissions and the tribunals.

28. The procurement of goods and services by the Organization must comply with established procurement procedures and reflect the international character of the United Nations, as requested in many General Assembly resolutions. The Secretariat should take account of past experience when making procurement decisions, especially in the start-up phase of peacekeeping missions. The operational requirements of such missions were not adequately reflected in the comprehensive report; the General Assembly should be provided with further clarification.

29. The addendum on sustainable procurement (A/64/284/Add.2) did not address the concerns expressed by the General Assembly in its resolution 62/269, especially with regard to the impact of sustainable procurement on vendor diversification and on international competition. The General Assembly had not yet considered the concept of sustainable procurement, and the Secretariat should avoid taking any initiatives which pre-empted the Assembly's decision. The Group reiterated that the reform agenda was determined by the Member States, not by the Secretariat.

30. **Ms. Håkansson** (Sweden), speaking on behalf of the European Union; the candidate countries Croatia and the former Yugoslav Republic of Macedonia; the stabilization and association process countries Bosnia and Herzegovina and Montenegro; and, in addition, Ukraine and Republic of Moldova, said that procurement was one of the crucial areas in reform of the United Nations. The steep increase in procurement had created new risks and technical challenges. The Organization's procurement policy must therefore be transparent and efficient and include the necessary internal controls in accordance with the four general principles governing procurement. The European Union appreciated the work done by the Secretariat in tackling the challenging task of procurement reform, but there was room for further improvement. In view of the importance of sustainability and best-fit solutions, the Secretariat should incorporate sustainable procurement in United Nations practices. Clarification

of the proposal to establish a pilot regional procurement office was needed.

31. The European Union took note of the Advisory Committee's recommendations and observations and intended to seek further information about the OIOS recommendations. Since integral parts of the reform process were associated with the new field support strategy, it looked forward to considering the final report on the strategy in the second part of the resumed session.

32. **Mr. Lafortune** (Canada), speaking also on behalf of Australia and New Zealand, said that, given the significant expansion in procurement activities, the Member States must ensure that appropriate controls and oversight arrangements were in place. The work done by the Secretariat in that regard merited acknowledgement. That work must continue to be guided by the four general principles of United Nations procurement: best value; fairness, integrity and transparency; international competition; and the interest of the Organization.

33. The three delegations agreed with the Advisory Committee that the comprehensive report failed to provide specific data on the performance of the procurement system. Furthermore, they were concerned about the OIOS observation that it was not possible to quantify reliably the duration of procurement cycles. They would also have welcomed an assessment of the adequacy of the current controls. They were eager to consider practical measures for the attainment of the critical strategic objective of enhancing the flexibility and effectiveness of the support furnished to peacekeeping missions.

34. With regard to the proposal to establish a regional procurement office, the concepts of co-location and shared-services centre both had merit, but additional information was needed to establish that the proposal responded to the governance concerns identified by OIOS. It might be better to consider the concept of a regional procurement office in the context of the forthcoming proposal on a new field support strategy. The three delegations looked forward to discussing the formulation by the Secretariat of the comprehensive procurement strategy called for by OIOS. They recognized the importance of sustainable procurement and would appreciate further information on the phased approach recommended by the Secretariat.

35. **Mr. Ruiz Massieu** (Mexico), speaking on behalf of the Rio Group, said that the Group re-emphasized the need to reform the procurement system in order, in particular, to increase the opportunities for vendors from developing countries and countries with economies in transition to share in the Organization's procurement.

36. The comprehensive report should have presented productivity gains in the procurement function more clearly and should have given more details of the total volume of procurement, especially with respect to offices away from Headquarters and the tribunals and regional commissions. It was regrettable that the report did not explain the arrangements for the monitoring of the delegation of authority, for there was a strong linkage between such monitoring and the accountability of procurement staff. The Group would like to know why 73 of the 377 approved procurement posts remained vacant and what was being done to deal with that problem. It would welcome additional information on how the proposal to establish a regional procurement office related to the field support strategy to be presented in 2010.

37. The Group was concerned by the observation of the Office for Internal Oversight Services that it had not found a documented strategy for improving geographical vendor representation linked to specific commodities or regions. It would welcome an explanation of why the Procurement Division had refrained from formulating such a strategy on the ground that it would contravene the Financial Regulations and Rules as they related to international competition and the interest of the Organization. There was merit in the idea that suppliers should be financed by private banks in order to alleviate finance-related difficulties hindering the participation of vendors from developing countries and countries with economies in transition. The Rio Group requested information on the participation of the Latin American countries in the procurement of products from their region. It was in favour of the continuation of the business seminars.

38. The Secretary-General's report did not contain enough information about the concept of sustainable procurement, in particular about its possible impact on vendor diversification and international competition. The General Assembly had not yet approved the concept, and the Secretariat should not prejudge its decision.

39. **Ms. Pataca** (Angola), speaking on behalf of the Group of African States, said that the Group also wished to draw attention to the proposals made earlier to increase the efficiency, transparency and cost-effectiveness of the procurement process and that it stressed the importance of enhanced accountability as a prerequisite for the full implementation of the legislative mandates on procurement. The unprecedented surge in peacekeeping operations had not improved the participation of vendors from developing countries and countries with economies in transition, which must be a fundamental part of procurement reform; the Group noted the efforts made to ensure fair access for vendors from those countries, with regard to the streamlining of the registration procedure for example, but considered that further efforts were needed.

40. The Group welcomed the proposal to establish a pilot regional procurement office at Entebbe and urged the Secretary-General to ensure the timely implementation of an initiative which would strengthen the governance structure of peacekeeping operations and help to meet the requirements of the four missions in East Africa. It also welcomed the proposals on proactive supplier financing to alleviate the finance-related difficulties of vendors from developing countries and countries with economies in transition.

41. The Group agreed with the Advisory Committee that the implementation of the Secretary-General's proposals on sustainable procurement should be explored with caution.

42. **Mr. Soomro** (Pakistan), noting that 85 per cent of procurement now related to peacekeeping, said that procurement reform should be addressed comprehensively and Member States should be informed of how proposed steps related to the larger reform process, the internal control regime and the implementation of mandates. It was also important to assess the results of previous reform efforts and discuss the reasons for slow progress, including on the 400 investigations into procurement cases currently ongoing.

43. Simple, transparent and rule-based procurement processes were crucial for an efficient and effective procurement system, while careful monitoring would avert the duplication of processes. As recommended by OIOS, the terms of reference and reporting lines of the contract review committee and the Headquarters and Local Committees on Contracts should be defined and the Procurement Division should develop key performance indicators.

44. Although increasing the delegated authority of the Department of Field Support might seem a logical step to speed up procurement in the field, it was also important to strengthen monitoring, oversight and the accountability of staff at all levels. Initiatives such as the proposed establishment of a regional procurement office must be based on a thorough review of procurement with a view to achieving best value for money in a transparent and non-discriminatory manner and reinforcing internal controls and oversight.

45. He welcomed the steps taken to increase procurement opportunities for vendors from developing countries and countries with economies in transition and urged the Secretariat to explore additional measures. It was necessary, while safeguarding the Organization's interests, to address concerns that bid bonds and performance bonds represented a financial burden for small businesses that limited their participation. United Nations procurement could have a significant impact on the social and economic development of some countries: better outreach in developing countries and countries with economies in transition could increase the number of vendors, which would lead to greater competition and lower prices. He cautioned that the concept of sustainable procurement should not become a new condition for the participation of vendors from developing countries.

46. **Mr. Ansari** (India) said that procurement was central to the effective delivery of mandates, especially in peacekeeping, but was also a high-risk activity: the breakdown of internal controls and corruption could harm the Organization financially and tarnish its image. His delegation was therefore concerned by the Advisory Committee's observation that the Secretary-General's report (A/64/284) provided no basis for assessing improvements in procurement or the adequacy of internal controls.

47. He did not see any linear correlation between higher procurement volume and staffing requirements. A quantitative analysis of the benefits that had accrued from the reforms implemented and the resources provided since 2006 would be needed to convince Member States that additional staff were required to handle the increased procurement volume.

48. Given the exponential increase in the demands of field operations and the need for swift acquisition to ensure the delivery of peacekeeping mandates, well-defined and properly implemented delegation of authority with strict accountability for procurement in the field was required. In his next report, the Secretary-General should provide information on experience with the increased financial thresholds of delegated procurement authority. India also wished to know the status of the review of United Nations procurement rules and procedures in support of the operational requirements of peacekeeping missions.

49. He looked forward to an assessment, in due course, of the pilot projects establishing the independent award review board and the Senior Vendor Review Committee. He hoped that the Secretary-General's next report would deal comprehensively with such issues as the best value for money principle, the lead agency concept, subcontracting and staff training.

50. He commended the Procurement Division on its proactive efforts to promote opportunities for vendors from developing countries and countries with economies in transition. Sustainable procurement should be implemented cautiously, using clear guidelines and transparent procedures, so that it did not become a restrictive practice that hindered the participation of vendors from those countries in United Nations procurement.

51. **Mr. Prokhorov** (Russian Federation) said that his delegation fully supported reforms that would make United Nations procurement more effective and transparent, give vendors from all Member States equal access to the United Nations market and prevent corruption.

52. He noted with approval the work done on the United Nations Global Marketplace website. In informal consultations, the Russian Federation would make suggestions for further improvements.

53. The enormous increase in procurement volume was placing a heavier burden on staff and putting strain on the existing rules and procedures. The principal guarantee of success in procurement reform, which had been under way since the early 1990s, would be the Secretariat's unswerving implementation of Member States' decisions. The Secretary-General's report (A/64/284) did not inspire optimism in that respect, in that it mainly concerned staff training and the revision of the Procurement Manual but provided insufficient information on the concrete results of reform. In addition to information on the results achieved from new training and investments in information technology, the Russian Federation hoped to receive more details of one of the most sensitive procurement mechanisms: delegation of authority.

54. His delegation was concerned by the cost of the proposed regional procurement office set out in the report on governance arrangements (A/64/284/Add.1), particularly since the proposal was linked to a new field support strategy that the General Assembly had not yet discussed.

55. The discussion of the best value for money principle lacked transparency. He wished to examine the additional guidelines referred to in the Secretary-General's comprehensive report (A/64/284, para. 35). His main concern was that use of the methodology might be optional, which could lead to subjectivity in selecting vendors and to higher contract prices.

56. He welcomed the definition of conflict of interest provided by the Secretariat but noted that, 10 years after the General Assembly, in its resolution 52/266 A, had requested a proposal on amendments to the Financial Regulations and Rules of the United Nations to address conflict of interest, no such proposal had been made, particularly with respect to the hiring of former staff members.

57. Lastly, with regard to increasing the participation of vendors from developing countries and countries with economies in transition, the Russian Federation would focus, in the informal consultations, on sensitive issues that would require careful consensus-building: the regulation of subcontractors, bidding by joint ventures and sustainable procurement.

58. **Mr. Sipangule** (Zambia) reaffirmed his delegation's support for procurement reform and noted that, at a time when the revenue bases of many Member States, were under pressure, the need to receive value for money was greater than ever. He urged the Procurement Division to complete the reforms that had been under way for a decade. Welcoming the increased procurement from vendors in developing countries and countries with economies in transition, he called for a procurement strategy to improve the geographical representation of vendors for specific commodities and regions and encouraged the Procurement Division to implement further measures

to overcome challenges that might hinder the participation of vendors from the countries concerned.

59. He stressed the need for early preparation of departmental acquisition plans so that procurement requirements could be consolidated, thus ensuring timely, cost-effective procurement. In addition, all General Assembly resolutions on procurement should be quickly and fully implemented.

60. **Mr. Sach** (Assistant Secretary-General for Central Support Services), responding to the issues raised by delegations, said that the Secretary-General's current report (A/64/284) had followed the format of previous reports on procurement activities (A/60/846/Add.5 and Corr.1 and A/62/525) to ensure their comparability and make it possible to track specific initiatives. The Secretariat would be entirely guided by General Assembly decisions as to any additional operational data that should be included in future reports. Mechanisms had been put in place that had allowed the procurement system to rise to the challenge posed by the extensive growth in peacekeeping procurement while maintaining the integrity of the system and its internal controls. The fact that the challenge had been met was in itself proof that improvements had been made.

61. Reform was not a destination, but a process. Further improvement would always be required. Procurement was heavily dependent on information technology and there were limitations to what could be done within the current framework. He looked forward to the stronger controls that would be possible with a new enterprise resource planning system but noted that patience would be required while that new system was being established.

62. The Procurement Manual, which clarified procedures for all those involved in the procurement process, had been converted to a retrievable "wiki" format that was accessible anywhere through the Internet.

63. With respect to post-employment restrictions, the Financial Regulations and Rules had not been amended, but a bulletin had been issued (ST/SGB/2006/15) that established a very restrictive policy regarding the employment of former staff members by vendors.

64. With respect to the OIOS report, he said that management took OIOS recommendations very seriously with the understanding that, once a recommendation had been accepted, everything necessary would be done to ensure its full implementation. Where a recommendation had not been accepted, a written justification had been provided to the Office and could certainly be shared with the Committee. In many cases, the reasons were highly pragmatic. For example, nine of the recommendations related to information and communications technology and basically called for the Procurement Division to achieve the sort of results that could only be gained through an enterprise resource planning system, something that was not yet in place. Generally speaking, OIOS recommendations were extremely helpful in improving the monitoring of the procurement process across the world.

65. On the issue of procurement from developing countries and countries with economies in transition, there had been systematic, absolute increases in the level of procurement from those countries over the previous four or five years: it had exceeded 45 per cent of total procurement and had at times reached 60 per cent. The Procurement Division was aware of the need to strengthen its outreach through business seminars and to streamline vendor registration through a simplified due diligence process, since a larger and more diversified vendor pool would increase competition and reduce prices. The cooperation agreement signed with the International Chamber of Commerce would assist in those efforts.

66. He had noted Member States' calls for caution in the matter of sustainable procurement. The Secretariat's proposals were indeed cautious, as they involved a process that unfolded in stages, developed with the market and ensured that there was no bias, so that countries from all regions could participate equally. No region had a monopoly on sustainability technology. All Member States could benefit from sustainable procurement, particularly when the lifetime cost — and not just the immediate cost — of an item was considered.

67. In response to the questions regarding the mandate to establish a regional procurement office, he noted that while the proposal had been made within the context of governance arrangements, that was not its only basis: General Assembly resolutions 60/266 and 61/276 had emphasized the importance of collaboration between missions, particularly in the same region, and of synergy in the use of resources. The regional

procurement office concept had been developed to enhance timely, responsive and cooperative teamwork with missions. It would also improve the Organization's ability to procure from developing countries, since the office would operate from Entebbe. The proposal was key to the Organization's capacity to keep up with the demand from large peacekeeping missions in the region and would affect the operational efficiency of the United Nations Mission in the Sudan (UNAMIS), the African Union-United Nations Operation in Darfur (UNAMID), the United Nations Organization Mission in the Democratic Republic of the Congo (MONUC) and the United Nations Mission in the Central African Republic and Chad (MINURCAT), which together accounted for close to half of all United Nations peacekeeping procurement. The need was urgent and a great deal of preparation would be required if the office was to begin functioning in 2010. He strongly encouraged Member States to consider the proposal sympathetically, while taking into account the cautions put forward by the Advisory Committee.

68. **Mr. Banbury** (Assistant Secretary-General for Field Support) said that the regional procurement office would help the United Nations adapt to the dramatic increase in the volume of peacekeeping procurement and find a better way to meet missions' rapidly changing needs. The mandates given to MONUC and MINURCAT, for example, required that they should remain flexible and responsive, yet procurement timelines often made that difficult. The co-location of requisitioners and buyers in the regional procurement office would lead to better understanding between them, which would in turn improve response times and the ability of the Department of Field Support and the Department of Management to meet the needs of peacekeeping missions. More vendors would be identified in the region and regional systems contracts could be developed.

69. The regional procurement office must be operational by 1 July 2010 because missions' annual acquisition plans would in large part depend on whether it was in place. If the office was not operating by that date, an entire year would be lost. Should the General Assembly ultimately adopt the new field support strategy currently being developed, the office would yield the benefit of greater synergies between the Department of Management and the Department of Field Support. Even without such a strategy, however, the regional procurement office would provide g value.

The meeting rose at 12.05 p.m.